

**Sonshine Society of Christian Community Services**

**Auditor's Report and Financial Statements**

**December 31, 2009**



**SHAHID NAQI**  
Professional Corporation  
Chartered Accountant

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**Auditor's Report**

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To the members of:  
**Sonshine Society of Christian Community Services**

I have audited the balance sheet of **Sonshine Society of Christian Community Services** as at **December 31, 2009** and the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Board of Directors of the Society. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly my audit of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenses, current assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta  
April 21, 2010

  
Chartered Accountant

**Sonshine Society of Christian Community Services**

**Balance Sheet**

**December 31, 2009**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$447,220	\$570,098
Accounts receivable	21,868	17,358
Prepaid expenses	6,929	3,222
	<u>476,017</u>	<u>590,678</u>
<b>Capital assets (Note 3)</b>	5,851,210	6,037,311
	<u><u>\$6,327,227</u></u>	<u><u>\$6,627,989</u></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$87,893	\$92,273
Designated donations received but not spent	-	44,542
Current portion of mortgage payable	34,700	30,500
	<u>122,593</u>	<u>167,315</u>
<b>Mortgage payable (Note 4)</b>	960,313	997,078
<b>Deferred contributions related to capital assets (Note 5)</b>	3,646,481	3,797,866
<b>Net assets</b>		
Invested in capital assets	1,209,716	1,211,867
Unrestricted	388,124	453,863
	<u>1,597,840</u>	<u>1,665,730</u>
	<u><u>\$6,327,227</u></u>	<u><u>\$6,627,989</u></u>

Approved by the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**Shahid Naqi**  
Chartered Accountant

**Sonshine Society of Christian Community Services****Statement of Operations and Changes in Net Assets**

Year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Donations	\$695,401	\$658,783
Day homes, fees and related revenue	159,932	160,050
Shelter, rent and other	157,167	152,286
Government grants	181,083	121,729
Designated donations recognized	44,542	-
Counseling fees	27,450	28,883
Gala evening, tickets and auctions	39,710	30,240
Interest and other	11,110	14,740
Amortization of deferred contributions	151,385	158,244
	<u>1,467,780</u>	<u>1,324,955</u>
<b>Expenses</b>		
Salaries and benefits	861,773	752,363
Amortization	234,221	241,315
Security guards	139,675	134,950
Utilities and telephone	89,006	90,179
Repairs and maintenance	42,357	36,494
Mortgage interest	42,478	44,209
Public communications	36,336	43,379
Office and general	41,355	43,204
Insurance and licences	21,422	22,081
Professional fees	14,279	10,441
Gala evening	12,768	12,060
	<u>1,535,670</u>	<u>1,430,675</u>
<b>Deficiency of revenues over expenses</b>	<b>(67,890)</b>	<b>(105,720)</b>
Unrestricted net assets, beginning of year	453,863	503,097
Change in investment in capital assets	2,151	56,486
<b>Unrestricted net assets, end of year</b>	<u><u>\$388,124</u></u>	<u><u>\$453,863</u></u>

**Shahid Naqi**  
Chartered Accountant

**Sonshine Society of Christian Community Services****Statement of Cash Flows**

Year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
<b>Operating activities:</b>		
Donations	\$650,859	\$703,325
Rent, fees and other income	616,484	510,237
Operating expenses	(1,309,536)	(1,166,685)
Deposits	-	115,500
	<u>(42,193)</u>	<u>162,377</u>
 <b>Investing activities:</b>		
Capital asset additions	(48,120)	(232,040)
	<u>(48,120)</u>	<u>(232,040)</u>
 <b>Financing activities:</b>		
Proceeds from Canada Mortgage and Housing Corporation	-	44,644
Other contributions received for capital assets	-	13,794
Mortgage principal repaid	(32,565)	(29,592)
	<u>(32,565)</u>	<u>28,846</u>
 <b>Decrease in cash</b>	<b>(122,878)</b>	<b>(40,817)</b>
 Cash, beginning of year	570,098	610,915
 <b>Cash, end of year</b>	<u><u>\$447,220</u></u>	<u><u>\$570,098</u></u>

**Shahid Naqi**  
Chartered Accountant

# Sonshine Society of Christian Community Services

## Notes to Financial Statements

December 31, 2009

### 1. **Organization:**

Sonshine Society of Christian Community Services is a not-for-profit organization incorporated under the Societies Act of Alberta to provide care, support and education from a Christian perspective to those who experience physical, mental, emotional, social and or spiritual pain. To effect this, the Society operates a shelter for victims of family violence, offers counseling services and operates a family day home agency.

The Society is exempt from income taxes and as a registered charity issues tax receipts for donations received.

### 2. **Significant accounting policies:**

The Society has an elected Board of Directors who have had these financial statements prepared in accordance with Canadian generally accepted accounting principles (GAAP) within reasonable limits of materiality using the accounting policies summarized below.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses disclosed during reporting periods. Actual amounts may differ from these estimates.

#### i **Revenue recognition:**

Unrestricted donations are recognized as revenue when received. Restricted donations are deferred and recognized as revenue in the year in which the related expenses are recognized.

Day home fees are recognized on the first day of the month and interest income is accrued daily.

#### ii **Capital assets:**

Purchased capital assets are recorded at cost, contributed capital assets are recorded at estimated fair value at the date of contribution. Amortization is provided over the estimated useful lives of the assets by the declining balance method as follows:

Buildings	4%
Furniture and equipment	20%
Computer equipment	30%

#### iii **Donated services:**

The Society benefits greatly from donated services from volunteers. As the fair value of these donated services cannot easily be determined, they are not recorded in these financial statements.

**Sonshine Society of Christian Community Services**

**Notes to Financial Statements**

**December 31, 2009**

**3. Capital assets:**

	<b>Cost</b>	<b>2009 Accumulated Amortization</b>	<b>Net Book Value</b>	<b>2008 Net Book Value</b>
Land	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Building	6,052,007	752,609	5,299,398	5,473,426
Furniture and equipment	160,233	108,421	51,812	63,885
	<b>\$6,712,240</b>	<b>\$861,030</b>	<b>\$5,851,210</b>	<b>\$6,037,311</b>

**4. Mortgage payable:**

	<b>2009</b>	<b>2008</b>
Mortgage, secured by a first charge on the Society's land and buildings, bearing interest at 3.91% repayable in blended monthly instalments of \$6,085 and maturing on May 1, 2014.	\$995,013	\$1,027,578
less current portion	34,700	30,500
	<b>\$960,313</b>	<b>\$997,078</b>

Principal repayments over the next five years assuming that the mortgage is renewed at current rates are 2010 - \$34,700; 2011 - \$36,100; 2012 - \$37,600; 2013 - \$39,000; 2014 - \$40,600 and \$807,013 thereafter.

**5. Deferred contributions related to capital assets:**

These are contributions received to pay, partially, for the construction of the society's building. These contributions are recognized as revenue by the declining balance method at the rate of 4% per annum, the same rate and method used to amortize the building.

## Sonshine Society of Christian Community Services

### Notes to Financial Statements

December 31, 2009

#### 5. Deferred contributions related to capital assets (continued):

	<u>2009</u>	<u>2008</u>
Balance, start of year	\$3,797,866	\$3,897,672
Contributions received in year	-	58,438
	<u>3,797,866</u>	<u>3,956,110</u>
Amortized and recognized as revenue	151,385	158,244
	<u>\$3,646,481</u>	<u>\$3,797,866</u>

The year-end balances comprise:

##### Canada Mortgage and Housing Corporation

The original contribution of \$2,050,000 is partially repayable if the Society ceases to use the building as a second stage shelter for victims of family violence. The part repayable reduces by \$136,667 annually through to 2022.

\$1,889,280	\$1,968,000
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##### Government of Canada - National Homelessness Initiative

The original contribution of \$925,000 is partially repayable if the shelter is converted for another use or sold before March 31, 2012.

777,002	809,377
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##### Calgary Homeless Foundation:

Of the original contribution of \$525,000, \$25,000 is repayable if the shelter is converted for another use or sold before March 31, 2012

435,774	453,931
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##### Other

544,425	566,558
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<u>\$3,646,481</u>	<u>\$3,797,866</u>
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#### 6. Financial instruments:

The financial instruments are categorized as follows:

<u>Financial asset or liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

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Chartered Accountant

**Sonshine Society of Christian Community Services**

**Notes to Financial Statements**

**December 31, 2009**

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**6. Financial instruments (continued):**

**Fair value:**

The fair value of a financial instrument is the estimated amount that would be received or paid to settle a financial asset or liability as at the year end date.

The fair values of the accounts receivable and accounts payable approximate their carrying value due to their capacity for prompt liquidation.

**Risk management:**

Exposure to the risks associated with financial instruments is managed with the objective of reducing volatility in cash flows. The principal risks are:

Cash	Credit risk and interest rate risk
Accounts receivable	Credit risk
Accounts payable	Liquidity risk

**Credit risks and interest risk:**

The exposure to credit risk arises from the possibility that counter parties may default on their financial obligations.

The Society has daily interest accounts with ATB Financial and a chartered bank whereby \$407,632 of its deposits at December 31, 2009 were guaranteed by the Province of Alberta and the remaining \$39,588 were insured by the Canada Deposit Insurance Corporation. The average rate of interest on the total cash of \$447,220 was 0.17% (2008- 1.44% on \$570,098).

There is minimal credit risk exposure on accounts receivable and there is no concentration of credit risk.

**Liquidity risk:**

Liquidity risk is the risk that the Society will not be able to meet its cash requirements as they come due or be able to liquidate its assets in a timely manner at reasonable prices.

Liquidity risk is managed by the preparation of annual budgets and through the use of daily interest bank accounts, earn a return while maintaining liquidity.

**Sonshine Society of Christian Community Services****Statement of Operations****Schedule 1****Year ended December 31, 2009**

	2009				2008			
	Shelter	Day Homes	Counseling	Total	Shelter	Day Homes	Counseling	Total
<b>Revenues</b>								
Donations	\$695,401	\$ -	\$ -	\$695,401	\$658,783	\$ -	\$ -	\$658,783
Day home fees	-	159,932	-	159,932	-	160,050	-	160,050
Shelter, rent and other	157,167	-	-	157,167	152,286	-	-	152,286
Government grants	181,083	-	-	181,083	121,729	-	-	121,729
Designated donations	44,542	-	-	44,542	-	-	-	-
Counseling fees	-	-	27,450	27,450	-	-	28,883	28,883
Gala evening	39,710	-	-	39,710	30,240	-	-	30,240
Interest and other	4,098	7,012	-	11,110	5,774	8,966	-	14,740
Deferred contributions	151,385	-	-	151,385	158,244	-	-	158,244
	<b>1,273,386</b>	<b>166,944</b>	<b>27,450</b>	<b>1,467,780</b>	<b>1,127,056</b>	<b>169,016</b>	<b>28,883</b>	<b>1,324,955</b>
<b>Expenses</b>								
Salaries and benefits	641,584	138,527	81,662	861,773	542,976	152,668	56,719	752,363
Amortization	233,877	344	-	234,221	241,315	-	-	241,315
Security guards	139,675	-	-	139,675	134,950	-	-	134,950
Utilities and telephone	84,057	4,949	-	89,006	87,875	2,304	-	90,179
Repairs and maintenance	42,357	-	-	42,357	36,494	-	-	36,494
Mortgage interest	42,478	-	-	42,478	44,209	-	-	44,209
Public communications	32,078	4,258	-	36,336	40,146	3,233	-	43,379
Office and general	30,331	11,024	-	41,355	35,502	7,702	-	43,204
Insurance and licences	18,499	2,923	-	21,422	18,643	3,438	-	22,081
Professional fees	12,511	1,768	-	14,279	8,831	1,610	-	10,441
Gala evening	12,768	-	-	12,768	12,060	-	-	12,060
	<b>1,290,215</b>	<b>163,793</b>	<b>81,662</b>	<b>1,535,670</b>	<b>1,203,001</b>	<b>170,955</b>	<b>56,719</b>	<b>1,430,675</b>
<b>Excess (deficiency)</b>	<b>(16,829)</b>	<b>3,151</b>	<b>(54,212)</b>	<b>(67,890)</b>	<b>(75,945)</b>	<b>(1,939)</b>	<b>(27,836)</b>	<b>(105,720)</b>

**Shahid Naqi**  
Chartered Accountant